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TAGS: [PGOV](#) [PREL](#) [PINR](#) [UP](#)  
SUBJECT: UKRAINE: PM YANUKOVYCH, OTHERS ANALYZE PRE- AND  
POST-ELECTION SCENE

Classified By: Ambassador for reasons 1.4 (b) and (d).

11. (C) Summary: Key GoU leaders varied on their assessment of the upcoming pre-term elections in their August 1-2 meetings with EUR DAS Kramer but all acknowledged the importance of free and fair elections and the need to resolve tensions that have dominated the domestic political scene since April. Speaking for President Yushchenko, Presidential Chief of Staff Viktor Baloha said that he would not resort to divisive campaign issues and would focus on maintaining stability. Baloha expressed Yushchenko's openness to an Our Ukraine (OU) coalition with the Party of Regions (POR) and Bloc Yuliya Tymoshenko (BYuT) while Tymoshenko herself said she would stay in opposition rather than join forces with POR. She expected POR to use divisive tactics while Prime Minister Yanukovich accused Tymoshenko of ruthless ambition, although he did not rule out a coalition with BYuT. NSDC Secretary Plyushch defended Yushchenko's push for pre-term

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elections while Rada members representing BYuT, POR, the Socialist Party of Ukraine and People's Self Defense agreed on the need for a transparent election but debated on the mechanisms to implement it. Baloha, Plyushch and Tymoshenko agreed with DAS Kramer that gas transport company RusUkrEnergo (RUE) has been bad for Ukraine's energy security with Baloha accepting DAS Kramer's offer of USG expert assistance while Tymoshenko planned to put off the entire RUE issue until after the elections; Yanukovich disappointingly dismissed concerns about RUE. End summary.

12. (U) EUR DAS David Kramer visited Kyiv August 1-2. Accompanied by Ambassador, he met with PM Viktor Yanukovich, FM Arseniy Yatsenyuk, Presidential Secretariat Chief of Staff Viktor Baloha, National Security and Defense Council Secretary Ivan Plyushch, and opposition leader Yuliya

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Tymoshenko. Ambassador also hosted a lunch for Kramer with Tymoshenko Bloc (BYuT) MP Andriy Shkil, Party of Regions MP Volodymyr Makeyenko, Socialist MP Vitaliy Shybko, and People's Self Defense member Taras Stetskiv. They also had dinner with Deputy Foreign Minister Andriy Veselovsky and Deputy Defense Minister Leonid Polyakov. Kramer's interlocutors offered their views on prospects for a free and fair election, election themes, and post-election coalition possibilities.

Free and Fair Elections  
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13. (C) In keeping with the themes raised in all his meetings, Kramer stressed to PM Yanukovich the U.S. expectation that Ukraine would hold a second election that the international community would judge to be free and fair. Such elections would be a real accomplishment for Ukraine and underscore the

establishment of a strong and enduring democracy in the country. The U.S. did not support any candidate or political grouping, but did support a process that was free and fair. Yanukovych did not immediately respond when Kramer offered his comments but, interestingly, at the end of their meeting, he appealed for U.S. support to ensure the elections would be "fair, democratic, and transparent." He asked the U.S. to participate in election observation missions and highlighted his concern that administrative resources and the judicial process would be used to falsify election results. (Comment: While he did not say so, Yanukovych presumably believes officials in President Yushchenko's camp would commit the abuses.) Ambassador Taylor noted that the U.S. would contribute to the OSCE's Office of Democratic Institution and Human Rights (ODIHR) observation mission for the elections. The USG would also fund the participation of 450-500 election observers from the region as well as from NDI and IRI, which would be coordinated with ODIHR.

¶4. (C) Presidential Secretariat Chief of Staff Baloha, who reaffirmed President Yushchenko's commitment to free and fair elections and openness to international observers, agreed with DAS Kramer that truly democratic elections could make Ukraine a model of democratic elections for some of its neighbors. Baloha dismissed Rada Speaker Moroz's attempts to derail the elections as "hysterical" and noted that Moroz was backsliding on promises made to Yushchenko and Yanukovych in the May 27 compromise joint statement, which resolved the political impasse this spring and set September 30 as the date for the pre-term Rada elections.

¶5. (C) NSDC Secretary Plyushch defended President Yushchenko's decision to dismiss the Rada and call new elections, and argued stridently that the political crisis did not mark democratic backsliding in Ukraine. He admitted that the Rada's composition will be "similar" post elections, but said the political forces would come with a different mentality, understanding that they cannot run roughshod over the political system. "The election is a process out of

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which we will become cleaner," said Plyushch.

¶6. (C) Yuliya Tymoshenko was optimistic about the prospects of BYuT. She said that all the key leaders except Rada Speaker Moroz were making serious preparations for the electoral campaign. She agreed with DAS Kramer that a repeat of the generally free and fair election of March 2006 would set a good precedent for Ukraine. However, Tymoshenko did express concern about possible corruption in Donetsk and Luhansk Oblasts, and in Crimea where significant differences in recent survey results and election results in 2006 led her to suspect previous election fraud. She asked DAS Kramer to support her push for proof of medical conditions for voters applying to vote at home due to medical disability - a measure she hopes will close a loophole open to election fraud. (Note. Voting at home was a major source of fraud in the 2004 presidential elections, but was greatly restricted in 2006. The June 1 amendments to the election law removed the requirement to provide documentation of a medical need to vote from home. End note.)

¶7. (C) At the lunch with political party representatives, Stetskiv said free and fair elections were a principal goal of People's Self Defense (PSD). Nine political parties had come together to form an electoral bloc, and, on August 7, would approve a joint platform and electoral list. The 2004 Orange Revolution had paved the way for free and fair elections in 2006 and hopefully for years to come. A major requirement to ensure the successful conduct of elections would be the timely and fair appointment of commissioners to the District Electoral Commissions (DEC). Stetskiv warned that some were arguing that since BYuT and Our Ukraine (OU) had resigned from parliament (Verkhovna Rada), thereby precipitating the early elections, the two blocs had lost the right to nominate members to the DECs. Stetskiv said that,

according to the electoral law, all political parties represented in the Verkhovna Rada as a result of the 2006 parliamentary election had the right to be represented in DECs. BYuT's Shkil seconded the importance of a proper process for forming DECs.

¶8. (C) The Socialist Party's Shybko argued that falsification of the electoral process had already begun. The first Presidential decree had been illegitimate, and launched an illegitimate process, with the fourth decree issued to cover up the inadequacies of the earlier decrees. The campaign advertising, begun in advance of the authorized campaign process, was further evidence of a dishonest process. The money already spent on television advertising must be in the "millions," Shybko charged. Clever Ukrainians will be able to carry out further fraud under the noses of observers from the OSCE, Council of Europe, the European Parliament, and other international organizations. Even more fraud would occur when the observers are absent. A simple method would be to spoil ballots by checking an additional box. (Comment. Shybko's criticisms mirror other Socialists accusations of illegal elections, as the party faces the possibility that it will not pass the 3% threshold to be in the new Rada. End comment.)

#### Unquenchable Ambition

¶9. (C) Yanukovych took an accusatory tone regarding the process that had led to early elections in the introductory remarks of his meeting with Kramer. He said Ukraine's voters would not support the politicians who had pushed the situation toward confrontation. Poll results demonstrated that voters understood who bore the responsibility for early elections and the election results would reflect their conclusions. But the elections were a reality, and tensions were currently so high that only elections could reduce them. In the end, the elections would help consolidate Ukraine's democracy and promote national unity. The Party of Regions was preparing for elections in a serious way and complying with the agreement reached among himself, the President, and the Rada speaker.

¶10. (C) In any circumstance, Yanukovych continued, the minority could not dictate the course of events because such a situation violated a fundamental principle of democracy. After the elections, a legal review would be undertaken to avoid a repetition and to ensure that politics respected constitutional boundaries. Yanukovych said that, when he reports to the Rada (sic), he would cite a number of U.S. authors, since the U.S. was the cradle of democracy, to contrast the Ukrainian approach to the "classic" approach.

¶11. (C) Later in the meeting, Yanukovych complained that he did not understand why Yushchenko had not reined in Tymoshenko. He said Tymoshenko's ambition would be satisfied

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only when she got everything, but the Ukrainian people would not give her everything. All politicians were ambitious, but they needed to be moderate and act in accordance with their political support. Toward the end of the meeting, Yanukovych joked that such overweening ambition needed to be treated by a doctor, but he would not say what type of doctor. Perhaps the best doctor would be the Ukrainian voters, he observed.

¶12. (C) Baloha noted that Yushchenko's team may have been too relaxed when coming into office after the 2004 elections but that now Yushchenko and his current team are organized and ready to work for OU success. Baloha put the blame for the recent crisis directly on scheming by Moroz and Kuchma, s final head of the Presidential Administration Viktor Medvedchuk. (Note. The pro-Russian Medvedchuk has been out of power since Kuchma left office in January 2005, but rumors have been circulating recently that he is trying to make a political comeback by backing Yanukovych. He is not, however,

on Regions new list for the elections. End note.) Baloha claimed that Medvedchuk sought to become head of the Constitutional Court and that Moroz, with Russian support, was hoping to undermine Yushchenko through stacking the Rada in the blue coalition's favor. He argued that Yushchenko had to fight back and call for the early elections to protect Ukraine's progress towards democracy.

#### Election Themes

¶13. (C) Responding to Kramer's question, Yanukovych said the most dramatic campaign issue would be whether the election should have taken place at all. Polls, in fact, showed that 60% of the voters were opposed to early elections. Ukraine would not benefit from the expenditure of taxpayer funds on an election that would not materially affect the distribution of political power. Issues that had calmed down would return to the surface. Although President Yushchenko had said the campaign should avoid foreign policy issues, radical and lavishly funded political forces would wave their typical slogans; the Party of Regions would need to act preemptively in order not to lose the support of its traditional voters.

¶14. (C) NATO will be a "dramatic issue" in the campaign, Yanukovych predicted, adding that the support for NATO, which he claimed had risen by 12% under his watch, would suffer. In response to a direct question, Yanukovych noted that 75% of the electorate opposed NATO membership. His party needed to consider how to shape its campaign to gain the support of this significant share of voters. He would not consider radical appeals and depict NATO as an enemy, but he needed to use a balanced campaign to get the voters to side with him. Regions would not address the issue of Ukraine's NATO membership, but favor cooperation with NATO in areas favoring Ukraine's interests. Regions, however, would stick to its position favoring a closer relationship with the European Union. Separately, at lunch, however, Makeyenko said the campaign period was too short and NATO membership too controversial to allow it to become an issue. His colleagues seemed unanimous in agreeing that NATO would not feature in the campaign.

¶15. (C) Baloha emphasized that OU would take the high road of not seeking divisive campaign issues and reminded Kramer of his August 1 announcement that he and other members of the Presidential Secretariat turned down the chance to run in the upcoming Rada election even though Baloha himself had been offered one of the top ten spots on the OU list. When asked by DAS Kramer about the level of President Yushchenko's involvement in the elections, Baloha expected him to share common views with BYuT but would focus on a clean election and stability and that he will not attack the other parties.

¶16. (C) Tymoshenko expected the Party of Regions to use divisive issues such as anti-NATO rhetoric in the campaign, but promised that BYuT will not resort to such tactics. She outlined the key components of her campaign as the passing of a new constitution, anti-corruption and a new strategy to promote civic and economic development. She said she was committed to introducing a referendum for a new constitution and hoped to hold it simultaneously with the September 30 elections. She said groups had already been formed to gather signatures and predicted that she could double the needed 3 million signatures to introduce the referendum in the coming month. (Comment. Despite BYuT's efforts to quickly gather signatures--they were submitted to the Central Election Commission on August 3--the short timeframe and the President's team's reluctance to support Tymoshenko's plan right now make the possibility of a referendum on September 30 unlikely. End comment.)

#### Coalition Possibilities

¶17. (C) Yanukovych did not rule out any post-election coalition possibilities, not even with Yuliya Tymoshenko. (He then made, however, the aforementioned remark about her need for a doctor.) In the aftermath of the 2006 parliamentary election, he had made every effort to form a coalition with Our Ukraine, but there had been an absence of political will to achieve the outcome. Yanukovych lamented that, had there been such a coalition, the current situation regarding early elections probably would not have arisen.

¶18. (C) Baloha told DAS Kramer that Yushchenko was open to a coalition of the OU, POR and BYuT, which he said would be more representative of Ukraine's electorate than a coalition based on a simple majority. He noted that the Presidential Secretariat currently has good working relations with both

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Regions and BYuT and that although Tymoshenko publicly stated that she would not join a coalition with the Party of Regions, she had cordial working relations with some of its representatives like Akhmetov and Kolesnkiy. In fact, he claimed, Tymoshenko meets "every day" with Medvedchuk and POR's Klyuev. He doubted that she would turn down a chance to have a "seat at the table" and call for a new round of elections, which he added would be disastrous for Ukraine, if the 30 September results are not to her liking. He felt that the post-election period will be a test for all parties to prove their commitment to Ukraine's future and to not fall into political infighting.

¶19. (C) Baloha, who said he frequently meets with and has good working relations with mid-level POR leadership, said that the party is split into two wings. One, led by oligarch and Regions MP Rinat Akhmetov, is business oriented and supports stability, economic growth, and the pre-term elections. The other wing, that Baloha associated with First Deputy Prime Minister Azarov and Deputy Prime Minister Andriy Kluyev, is opposed to the pre-term elections. Baloha felt that despite the two wings in POR, Yanukovych is firmly in charge and that Akhmetov's pro-stability wing will discourage attempts to repeat heavy handed POR tactics as in 2004.

¶20. (C) Tymoshenko seemed confident that BYuT and the OU-PSD bloc would do well in the upcoming elections and would form a coalition if they prevail. She stated several times that she would rather stay in opposition, even if she were offered the job as Prime Minister, than enter into coalition with POR and OU, which she characterized as "a road to nowhere" eventually resulting in the loss of Ukraine's independence. Tymoshenko added that President Yushchenko would lose credibility, especially within his party, if he entered into a coalition with Regions.

¶21. (C) At the lunch, Stetskiv opined that a stable government and strong opposition were likely to emerge post-elections. The Party of Regions would team with the Communists, putting the OU-led mega-bloc and BYuT in the opposition, or vice versa. Under either scenario, the governing coalition would have the opportunity to implement its platforms. Stetskiv argued that a Regions-OU mega-bloc coalition would be mixing oil and water, it was just not possible. The two political forces represented the historic East-West divide in Ukraine, and putting the two political groups together mechanically just could not be done. Regions Makeyenko, however, rejoined that, in seeking an overseas school for his 15-year-old son, he had been amazed at the number of Ukrainian students at schools in the UK, Switzerland, Germany, and other Western European countries. The Ukrainian students were the children of the elite spanning the political spectrum, including the Communist Party and radical Progressive Socialists. This new generation demonstrated that Ukraine had already integrated into Europe.

Energy Security

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¶22. (C) Baloha agreed with DAS Kramer that gas transit company RusUkrEnergo's (RUE) role in Ukraine's energy sector was harmful to its security and that Ukraine needed to diversify its suppliers of energy. Baloha stated that Ukraine needs technical help, and with this help could resolve the RUE control of gas transit through Ukraine and promote energy diversification. His preferred solution would be a direct agreement with Gazprom and an interstate agreement with Russia - hopefully before the next presidential elections in 2009. He felt that Minister of Energy Yuriy Boyko was not looking out for Ukraine's best interests and felt it was necessary for someone else to represent Ukraine in future negotiations. Baloha agreed with Ambassador Taylor that the role of RUE needs to be looked at

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in a broader sense and that Ukraine needs a stable and predictable gas regime. Baloha was ready for his First Deputy Oleksandr Shlapak to meet with USG energy experts in the near future to further cooperation.

¶23. (C) Tymoshenko spoke of the need to do away with energy companies whose market role was not based on sound market economics, implying RUE. She agreed with DAS Kramer on the need for contracts on market terms and said she would push for this after the elections. If BYuT and OU did well in the election, she said they could make a court case and take it to Ukraine's Supreme Court and possibly to the Stockholm Arbitration Institute in order to restore interstate agreements. With these agreements in place, Ukraine could pay market prices for its gas. She said that Ukraine needed legal assistance for proceedings in Stockholm.

¶24. (C) In his meeting with NSDC Secretary Plyushch, DAS Kramer identified energy security as an important area, noting that the USG wanted to help Ukraine reduce its dependence on a single source of energy. Plyushch said that Ukraine's position on energy was not to eschew Russian supplies, but just to depoliticize the issue. To make his point, Plyushch noted that in the early post-Soviet days, President Yeltsin had said "We'll tighten the screws (referring to energy supplies), and those rabble-rousers will know their place." Fifteen years on, said Plyushch, "we Ukrainian rabble-rousers are still making trouble, and the screws can still be tightened."

¶25. (C) Yanukovych seemed uncomfortable discussing RUE in front of his Chief of Staff Serhiy Lyovochkin, Political Advisor Kostyatin Hryshchenko, and Aide Andrey Fialko. He claimed that Ukraine was dealing with Gazprom, not RUE, and that RUE's presence was "not an issue for us." He unconvincingly argued that he personally "never had any dealings with RUE" and that he himself had met RUE head Dmitro Firtash only once. We deal directly with Gazprom, Miller and Russian PM Fradkov, he argued. Unlike in past meetings, Yanukovych never once in this encounter repeated his mantra of diversification, transparency, and elimination of middlemen companies. (Note: After the meeting advisor Andrey Fialko approached Kramer to complain that Kramer was too critical of RUE in the meeting and questioned why RUE was even raised. Kramer rejected Fialko's pushback, arguing that RUE was a major source of corruption in the energy sector and that its continued existence threatened Ukraine's energy security. Kramer urged Fialko to get more serious about this problem. End Note)

¶26. (U) This cable has been cleared by DAS Kramer.

¶27. (U) Visit Embassy Kyiv's classified website:  
[www.state.sgov.gov/p/eur/kiev](http://www.state.sgov.gov/p/eur/kiev).  
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